

Legislative Fiscal Bureau

Fiscal Note

HF 325 - HAWK-I Eligibility (LSB 2114 HH)

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Fiscal Note Version — New

Requested by Robert Hogg

Description

HF 325 expands coverage in the Healthy and Well Kids in Iowa (*hawk-i*) program to 300% of the Federal Poverty Level (FPL), approximately \$55,000 for a family of four. The Department of Human Services is directed to submit a State plan amendment to the federal government to obtain federal matching funds for the Program.

Assumptions

1. Currently, *hawk-i* eligibility is set at 200% FPL (\$37,000 for a family of four).
2. In December 2002, there were approximately 13,000 children between 133% and 200% FPL.
3. After a phase-in period of one year, 15,000 children would enroll.
4. The average cost of coverage is approximately \$2,100 per child per year.
5. The federal matching rate for the *hawk-i* program is 74.75% in FY 2004 and 74.62% in FY 2005.
6. Federal allotments for the *hawk-i* program are estimated at \$21.4 million in FY 2004 and \$27.9 million in FY 2005. This assumes no redistribution of federal funds.
7. The expenditures for the current *hawk-i* program are projected to exceed the federal matching funds available by the end of FY 2004 or FY 2005 without a Program expansion. After the federal matching funds are exhausted, the State must pay 100% State funds for the Program unless programmatic changes to cap enrollment or reduce benefits are enacted.
8. The costs to administer the Program expansion are \$477,000, including \$375,000 for third-party administration fees, and \$102,000 for one-time printing and postage costs. Third-party administration fees refer to the increase in the cost of the contract with Maximus for processing applications, billing and collecting premiums, and customer service. The printing and postage costs relate to reprinting and mailing the outreach and enrollment materials and are based on what was expended when the Program began.
9. In FY 2005, administration costs are \$290,000 for third-party administration fees.
10. The cost of covering the new enrollees is \$14.9 million in FY 2004 and \$31.7 million in FY 2005.
11. In FY 2004, federal funds are available to offset the cost. The total State impact in FY 2004 is \$3.9 million.
12. In FY 2005, the federal funds have been fully expended. This results in a FY 2005 State cost of \$34.2 million

Fiscal Impact

The estimated General Fund cost of HF 325 is \$3.9 million in FY 2004 and \$34.2 million in FY 2005. The cost is much higher in FY 2005 because federal matching funds for the *hawk-i* program will have been fully expended in FY 2004 and are not available to offset the cost of the Program expansion.

Source

Department of Human Services

/s/ Dennis C Prouty

March 11, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
